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UNCLAS SECTION 01 OF 05 FREETOWN 000535

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SUBJECT: Decentralization Two Years On: Hopeful Signs  
Abound, Significant Challenges Remain

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Summary  
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¶1. Since May 2004, when Sierra Leone held its first local elections in 32 years, local government has made tremendous progress. Devolution of government responsibility and funding have begun to occur in a real way, and local communities are starting to see the benefits. Although there is still much progress to be made in terms of skills of local government staff, financial transparency, local revenue collection, and cooperation with chiefdom authorities, there are hopeful signs that local government is starting to take root and will become a positive force for local governance and development. Over the longer term, strong local government structures will act to widen the political playing field and help develop better-equipped politicians to govern at the national level. End Summary.

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Devolution Hurts. Donors Can Help.  
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¶2. Devolution is a complex process in which local councils assume some responsibilities for service delivery previously held by central government ministries. The ultimate goal is to bring government closer to the electorate. If successful, devolution could solve a host of Sierra Leone's post-war problems: it increases the space for citizens to participate in politics, can restore citizens' trust in government, rebuild social capital, and address immediate needs for recovery. Spreading a culture of inclusion and accountability will go a long way in improving Sierra Leone's dismal history of official vice and mismanagement.

¶3. In May 2004, Sierra Leone held the first local elections in 32 years. There are now 19 local councils in Sierra Leone: five town councils (Makeni, Bo, Kenema, Bonthe, and Koidu), 13 district councils (Makeni, Bo, Kenema, Bonthe, Kono, Kailahun, Koinadugu, Pujehun, Moyamba, Bombali, Port Loko, Tonkolili, and Western Area (rural)) and one city council (Western Area (urban), the capital city of Freetown).

¶4. There are many hurdles to successful devolution, and among the most fundamental are a clear understanding of how the process should work, what local service delivery

should look like, and how councils should be held accountable to their electorate. Since local government has been defunct for so long (and was not effective even when it was active), there is no collective memory of how to govern at the local level. Councilors and citizens have struggled with these issues since the 2004 elections, and some local councils have clearly done better than others.

¶5. The World Bank just granted Sierra Leone another \$25 million to support its two-year-old Institutional Reform and Capacity Building Project. The project focuses on public sector finance reform and devolution, which World Bank officials theorize would be the two most effective entry points to improve governance.

¶6. Other donors are complementing the World Bank's efforts with their own devolution support programs. USAID, for example, is sponsoring a local governance project for six councils that strengthens the basic unit of government - the ward committee - and develops Regional Information and Community Centers, which serve as repositories of resource material relevant to local communities as well as centers for local meetings in some districts. The Japanese Government is funding the GoBifo project, a two-district pilot project aimed at increasing community participation in development planning. (Note: GoBifo is a Krio word for "progress." End Note.)

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Money Changes Everything  
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¶7. In FY 2005, the Government Budget started making line item provisions for spending by local councils. Although the actual transfer of funds was significantly delayed, in FY 2006 monies started to flow: approximately \$8 million was allocated to local councils for administrative fees and devolved ministry functions, including Health, Education, Agriculture, Social Welfare, Youth and Sports, as well as solid waste management, water, and fire prevention. Development grants, which came mostly from the European Union and the World Bank, totaled over \$5 million. This represented approximately 7 percent and 5 percent respectively of the government's total non-salary recurrent budget and development expenditures.

¶8. Local revenue varies from district to district but is generally based on income taxes, licenses, and market fees. In diamond mining areas, councils also receive a portion of the export tax collected through the Diamond Area Community Development Fund. Over the years, chiefdom authorities have been the collectors and beneficiaries of such revenue, but the collection process was rarely transparent and there was little incentive to make it so. After the passage of the 2004 Local Government Act, most districts raised individual income tax rates from 500 Leones (approximately \$0.17) annually to 5,000 Leones (approximately \$1.67) and most agreed that chiefdom authorities would be entitled to 60 percent and that the remaining 40 percent would be given to district and town councils. (Note: This figure does not include diamond revenues. End Note.) Mechanisms for tax collection are not standardized, however, and are not always effective. In sparsely populated Bonthe District, for example, chiefdom authorities assessed 28,658 taxpayers a total of approximately \$46,000 in 2005, but had only collected 60 percent of it by May 2006. In Koinadugu District, chiefdom authorities have collected taxes but have not turned anything over to the District Council.

¶9. Most international development funds for local

councils were given through the World Bank's Rapid Results Initiative (RRI), which gave local councils an opportunity to identify, fund, and complete local development projects (e.g., feeder roads, bridges, grain drying floors, slaughter houses, water pumps, etc.). The RRI started in 2004 and gave each local council small grants of approximately \$30,000 to complete projects within 100 days. The initiative was meant to build new councilors' capacity and to introduce, according to the World Bank, "a culture of performance, accountability, and results." The biggest success with the initiative so far, World Bank officials say, is Bombali District, which took advantage of a high level of community participation to complete nine bridges and 14 box culverts for one fifth the price it would have cost to use an outside contractor.

¶10. The rapid infusion of World Bank funds have given local councils important practice in handling money, even more so because the systems for central government payments and local revenue generation are still being developed. Although the Accountant General has committed to streamlining the process for handing over central government money to local councils, the process currently reflects the current GoSL's current dysfunction. Each check written to a local council requires 237 signatures in Freetown before it can be released. Once the checks are released, accounting procedures at the councils are not yet sufficient. Only eight councils have properly accounted for the expenditure of the first tranche of government money and therefore qualify for the second tranche.

¶11. World Bank assistance will continue through a transition period, which will last until at least 2008. As World Bank RRI funds wind down, local revenue collection will take on a much more important role. This will be difficult, since local revenue generation is still far behind in development. At present, only two local councils are collecting enough revenue to sustain themselves: Koidu and Bo Town councils. In the diamond mining area of Kono District, the Koidu Town Council has been most successful in collecting local taxes: 5,000

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leones per person per year. In the northern area of Port Loko, however, the District Council is only collecting 32 leones (approximately \$0.01) per person per year.

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Councilors, Citizens Practice  
New Skills: Results Vary  
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¶12. Community participation in local government activities is generally poor throughout the country and occurs for a number of reasons. NGO monitors found that sometimes meetings among ward committees, local councilors, and members of the public simply do not occur. When they do occur, community members are sometimes kept out or are not allowed to speak when allowed in. Also, community members who believe their representatives are corrupt have demonstrated no interest in attending local meetings. Many councilors do not live in their wards and therefore are out of touch with their constituents. A survey of residents in Bonthe District revealed that over 80 percent of them knew the names of their paramount chiefs, but only 44 percent of them knew the names of their local councilors. The survey also revealed that just over 20 percent of Bonthe residents have ever seen their local councilor. (Note: Of course, the same survey revealed that less than 10 percent had ever seen a Member of Parliament, but still. End Note.)

¶13. Revenue collection is still difficult. In most districts, chiefdom authorities are responsible for

collecting local income taxes. While there is often an agreement that chiefs turn over 40 percent of their revenue to the council, this does not always happen. NGO monitors reported that there were many cases where there is no accountability - among either unwilling taxpayers or chiefdom authorities who do not account for the money collected. People who have a family or friend connection with local authorities often refuse to pay tax, as do people who do not trust that tax money will be spent responsibly. World Bank officials have calculated that Freetown City Council, which has collected 1.4 billion leones (approximately \$470,000) in local revenue, could be collecting at least 4.4 billion (nearly \$1.5 million). (Note: We hear that they are starting to solicit the assistance of international NGOs to begin withholding local tax from employees' paychecks, but it is still a work in progress. End Note.)

¶14. Strained relations between councilors and chiefs, administrative staff, and ward committees hindered the performance of a number of local councils. In fact, a recent National Accountability Group (NAG) report cited generally cordial relations among all stakeholders in only seven councils. In the remaining councils, observers reported on absentee councilors, frustrated ward committees, dictatorial council chairmen, hostile chiefs, and even conflicts between overlapping town and district councils. One of the most contentious rivalries are between council chairmen and chief administrators, who are currently civil servants seconded by central ministries. Francis Johnston, Chief of Party for USAID's decentralization project, noted that most local chairman view chief administrators as government hacks who refuse to cooperate with them because they are doing the bidding of the central government. This situation should improve, Johnston said, when administrative mechanisms are put in place for councils to recruit their own administrators.

¶15. Service delivery will be the most important component of decentralization, because other functions (community participation, revenue collection) will depend on it. While some councils (Bo) are assuming their devolved responsibilities more quickly than others (Port Loko), all have had the opportunity to get their feet wet in development work with the World Bank-funded Rapid Results Initiative projects. Generally speaking, experience with the RRI has shown that local councils can implement development projects cheaper and faster than central government ministries. Each council has multiple projects underway, and community members have a concrete way to evaluate their performance. The NAG report identified major problems in only six councils (Freetown

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City, Makeni, Kambia, Koinadugu, Bonthe, and Pujehun Districts).

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A Glass Half-Full? The Makeni Town Council Embezzlement Scandal  
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¶16. In 2005, the Makeni Town Council received nearly 165 million leones (approximately \$59,000) in the second wave of World Bank RRI money for three development projects (construction of culverts, dustbins, and mechanized swamp rice cultivation). Makeni residents, however, were suspicious about the way the contracts for the projects were awarded. As a result, a group of civil society representatives raised the red flag, and a joint government/donor/civil society investigation conducted. The investigation revealed that the Town Council Chairman and other councilors had misappropriated 88 million leones (approximately \$31,400).

¶17. The discovery of corruption made national headlines and gained the attention of opposition All People's Congress (APC) Party Leader Ernest Bai Koroma, who called for the Chairman to step down from his post. (Note: Makeni is an APC stronghold, and the entire Town Council consists of APC representatives. End Note.) Makeni residents also organized a series of protests using civil society groups, radio, stay-at-home and market strikes, and civil disobedience to force the Chairman and his Deputy to resign, which they finally did in February 2006. (Note: Koroma acted only after being pressured privately by the NAG founder Zaynab Bangura, who reminded him that his anti-corruption credibility was on the line ahead of next year's presidential election. End Note.)

¶18. Although the incident put a damper on taxpayers' willingness to pay their local taxes, the protests and involvement from civil society were a sign that Sierra Leoneans can, when confronted with hard evidence of wrongdoing on the part of their elected officials, get involved in local politics and get rid of them peacefully and effectively.

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Making It Better  
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¶19. Community involvement is a key element in improving local governance and service delivery, but the involvement requires the commitment of both community members and their local representatives. Ward committees need to meet with their fellow citizens to learn about their concerns, and councilors need to meet with ward committees to represent their constituents at Council meetings. Results of meetings, decisions about local projects, and budget information should be available and posted publicly. Outreach by councilors in the form of notice boards, radio, and open meetings can go a long way in improving community access and communication. Community radio, a relatively new phenomenon in Sierra Leone, will be a valuable tool in helping representatives communicate with constituents.

¶20. To increase their stake in revenue collection, local councils need to become more involved in revenue collection, whether it comes as a division of labor between chiefs, councils, and ward committees, side-by-side collection, privatizing collection activities, or increased oversight. While this may be a difficult negotiation with traditional chiefdom authorities who are seeing a dwindling of authority, it is necessary. Also, taxpayers need to pay their taxes in order to see public benefit. This will only come with trust that their elected and traditional representatives will do the right thing with tax money, which starts with transparent accounting procedures.

¶21. Lines of responsibility and authority remain unclear among councilors and administrative staff as well as councils and chiefs. Clearing up these grey areas will go a long way toward improving stakeholder relations and increasing performance.

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Comment  
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¶22. Decentralization is still a work in progress. The World Bank-funded Rapid Results Approach gave an opportunity for local councils to get their feet wet with development projects, but much of the devolution of responsibilities from the Central Government remains to be done. There are a number of hopeful signs that decentralization is serving its intended purpose: for the

most part, interested citizens now have nearby elected representatives to complain to about the inevitably imperfect process of public administration. In some cases, citizens have confronted, opposed, and sometimes reversed blatant corruption by public officials and contractors. The next round of local government elections, set for 2008, will present an opportunity for voters and prospective candidates alike to make more informed choices about who should be a local government representative. Experience so far has shown the task to be more challenging and less lucrative than previously thought, and hopefully increased devolution of responsibilities and improved revenue collection mechanisms will coincide with a more informed and engaged public who will elect better-qualified candidates to office.

¶23. Over the longer term, local councils will open the political system, which has been mainly the purview of traditional paramount chiefs and their relatives in senior positions in the central government, judiciary, and parliament. Politics will become less exclusive, with more opportunity for political mobility, especially in the urban councils, which should translate to even brighter prospects for presidential and parliamentary elections in 2012.

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